

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0246-01
Bill No.: SB 30
Subject: Motor Carriers; Taxation and Revenue - Sales and Use
Type: Original
Date: January 29, 2007

Bill Summary: This proposal would expand the sales tax exemption for vehicles purchased by common carriers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Road Fund	(Unknown)	(Unknown)	(Unknown)
Various State Funds	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration, Information Technology Services Division and Administrative Hearing Commission** assume this proposal would have no fiscal impact on their organizations.

Officials from the **Department of Revenue** assume this proposal would have no fiscal impact on their organization and a slight negative unknown fiscal impact on state sales tax revenues.

Officials from the **Department of Transportation (MODOT)** assume this proposal would expand the sales tax exemption for common carriers which would lead to a reduction in sales tax revenue. Current law authorizes a sales tax exemption of commercial motor vehicles licensed for a gross weight of 24,000 pounds or more or trailers used by motor carriers solely in the transportation of persons or property in interstate commerce. This proposal would apply the sales tax exemption for commercial motor vehicles purchased by any motor carrier who transports persons or property, whether in interstate or intrastate commerce. MODOT has no basis for estimating the impact; MODOT assumes there would be a negative unknown fiscal impact from this proposal.

Officials from the **Department of Conservation (MDC)** stated that this proposal would appear to have a negative fiscal impact on MDC funds since it appears to expand the sales tax exemption. MDC defers to the Department of revenue for the fiscal impact of the proposal.

Officials from the **Office of Administration, Division of Budget and Planning** assume this proposal would expand the common carrier sales tax exemption to include any vehicles licensed for a gross weight of 24,000 pounds or more. There should be no added cost to the Office of Administration/Budget and Planning as a result of this bill. The proposal would, however result in a loss of General Revenue because these carriers are currently paying sales tax. The Department of Revenue should provide the estimate of possible increased costs and decreased revenues to the state as a result of this proposal.

Oversight assumes the expansion of the sales tax exemption would lead to a reduction in sales tax revenue to state and local funds. Oversight has no basis for estimating the amount of the reduction resulting from this bill and therefore, has assumed an unknown amount.

This proposal would reduce Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE FUND			
<u>Loss</u> – Sales Tax Revenue	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ROAD FUND			
<u>Loss</u> – Sales Tax Revenue	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON ROAD FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
OTHER STATE FUNDS			
<u>Loss</u> – Sales Tax Revenue	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
CITIES AND COUNTIES			
<u>Loss</u> – Sales Tax Revenue	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT TO CITIES AND COUNTIES	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>

FISCAL IMPACT - Small Business

This proposal could have a positive direct fiscal impact to small businesses who operate commercial vehicles used to transport persons or property in intrastate commerce.

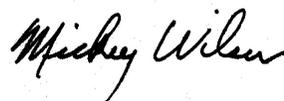
FISCAL DESCRIPTION

This proposal would apply the sales tax exemption for commercial motor vehicles purchased by any motor carrier who transports persons or property, whether in interstate or intrastate commerce.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Information Services Technology Division
Administrative Hearing Commission
Division of Budget and Planning
Department of Conservation
Department of Revenue
Department of Transportation



Mickey Wilson, CPA
Director
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